

Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 09354 01 OF 02 131851Z
ACTION EB-08

INFO OCT-01 AF-10 EUR-12 EA-10 ISO-00 COME-00 CIAE-00
INR-10 NSAE-00 GSA-02 TRSE-00 AID-05 OMB-01
INRE-00 SSO-00 /059 W
-----042891 131925Z /45

O R 131734Z JUN 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 7096
INFO AMEMBASSY PARIS
AMEMBASSY TOKYO
AMEMBASSY BONN
AMEMBASSY OSLO
AMEMBASSY BRUSSELS
AMEMBASSY ROME
AMEMBASSY OTTAWA
AMEMBASSY CANBERRA
AMEMBASSY LUSAKA
AMEMBASSY KINSHASA
AMEMBASSY SUVA
AMEMBASSY GABORONE

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 09354

E.O. 11652: N/A
TAGS: EMIN, ETRD
SUBJECT: COBALT

REF: (A) STATE 145925 (B) LONDON 8642 (C) LONDON 8507

1. IN RESPONSE TO REF (A), INFORMATION BELOW WAS PROVIDED BY THE U.K. DEPARTMENT OF INDUSTRY, WITH EMBASSY COMMENTS SHOWN AS PARENTHETICAL NOTES:

(1) CONSUMPTION 1977

ASSUMING THAT UK CONSUMPTION CAN BE CALCULATED BY DEDUCTING TOTAL EXPORTS FROM PRODUCTION PLUS TOTAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 09354 01 OF 02 131851Z

IMPORTS, THEN CONSUMPTION FOR 1977 WAS APPROXIMATELY 2,000-2,500 MT. THE SOURCE OF SUPPLY IS UNFORTUNATELY NOT AVAILABLE, NOR ARE THE ESTIMATES FOR 1978. IT WOULD APPEAR LIKELY HOWEVER THAT COBALT OXIDE WOULD BE IMPORTED FROM CANADA, FRANCE AND BELGIUM/LUXEMBOURG AND UNWROUGHT COBALT ETC. FROM BELGIUM/LUXEMBOURG, ZAMBIA, USA, FRANCE, FINLAND, NORWAY, GERMANY (WEST), AUSTRALIA,

AND THE NETHERLANDS.

(ESTIMATE INCLUDES PRODUCTION OF UK SMELTER IN WALES.

ALSO, THE U.K. IMPORTS SOME WROUGHT COBALT FROM THE U.S.)

(2) STOCKS.

THE UK DOES NOT HAVE A POLICY FOR GOVERNMENT STOCKPILES FOR ECONOMIC PURPOSES. A SMALL STRATEGIC STOCKPILE IS MAINTAINED FROM WHICH LOTS ARE SOLD OCCASIONALLY ON OPEN TENDER; THE PRESENT MARKET INSTABILITY HAS HOWEVER INDUCED A DECISION BRINGING A TEMPORARY HALT ON THESE SALES AS COBALT WAS IN HEAVY DEMAND BEFORE THE REBEL INVASION, IT IS ASSUMED THAT NO PRODUCER STOCKPILES EXIST IN ZAIRE. ZAMBIAN SUPPLY MAY BE FULLY COMMITTED ON LONG-TERM CONTRACTS. IT IS UNDERSTOOD THAT SOME DISTRIBUTORS OF COBALT ARE TAKING PRECAUTIONS AGAINST SELLING COBALT TO USERS FOR THEIR PERSONAL STOCKPILES; THIS SHOULD RESTRICT OPPORTUNITY FOR PRIVATE STOCKPILING. COBALT CATHODES, PRODUCED AT KOLWEZI, MAY BECOME THE RAREST FORM OF COBALT IMMEDIATELY BUT THE SUPPLY OF COBALT COMPOUNDS MAY BE LESS AFFECTED.

(3) PRODUCTION.

NO 1977, NOR ESTIMATES FOR 1978, PRODUCTION FIGURES ARE AVAILABLE. NO INFORMATION IS AVAILABLE AT PRESENT ON THE CURRENT AND PROSPECTIVE OPERATING RATE OF REFINERIES NOR ON THE CAPABILITY AND PLANS TO EXPAND PRODUCTION IN THE LIGHT OF RECENT ZAIRIAN DEVELOPMENTS.

(PRODUCTION FROM UK SMELTER IS THOUGHT TO BE UNDER 1,000 LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 09354 01 OF 02 131851Z

METRIC TONS ANNUALLY WITH A FAIRLY EVEN FLOW OF METAL.

THIS PRODUCTION OF COURSE IS DEPENDENT UPON NICKEL HANDLED BY THE REFINERY).

(4) PRICES.

THE MOVEMENT IN PRICE IN THE UK COBALT MARKET AS QUOTED IN "METAL BULLETIN", WAS AS FOLLOWS:-

ZAMBIAN COBALT POUNDS STERLING
IN US\$ PER LB PER MT
CIF UK PORT

FEBRUARY 27 1978 6.85 8,250
MAY 25 1978 UP TO PRESENT 8.50 10,650

THE MOVEMENT IN THE FREE MARKET PRICE, AS QUOTED IN VARIOUS TRADE PUBLICATIONS WAS AS FOLLOWS:-

UP TO MARCH 1978 JUST UNDER \$8.00(FOB)

DURING HOBOKEN OVERPELT

STRIKE BREACHED \$8.00 (FOB)

UP TO MAY 1 1978 \$7.95 (FOB)

MAY 5 \$10.00 (FOB)

MAY 24 \$22-28 (FOB)

JUNE 2 \$20-23 (FOB)

JUNE 8 \$27-30 (FOB)

JUNE 9 \$25-28 (FOB)

NO OTHER INFORMATION IS KNOWN ON THE UK CONTRACT OR SPOT
MARKETS, AND NOTHING IS KNOWN OF THE PROPORTION OF
SUPPLIES TRADED IN EACH MARKET SECTOR.

(AS NOTED PRICE INFORMATION IS TAKEN FROM PUBLISHED
SOURCES. FREE MARKET PRICE DATA ARE CONSIDERED OF QUEST-
IONABLE RELIABILITY SINCE NO ORGANIZED MARKET EXISTS.
IT IS LIKELY THAT FREE MARKET PRICES GIVEN ERR TOWARDS
THE HIGH RATHER THAN THE LOW SIDE SINCE DEALERS REPORTED-

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 LONDON 09354 02 OF 02 131850Z

ACTION EB-08

INFO OCT-01 AF-10 EUR-12 EA-10 ISO-00 COME-00 CIAE-00

INR-10 NSAE-00 GSA-02 TRSE-00 AID-05 OMB-01

INRE-00 SSO-00 /059 W

-----042882 131925Z /45

O R 131734Z JUN 78

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 7097

INFO AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY BONN

AMEMBASSY OSLO

AMEMBASSY BRUSSELS

AMEMBASSY ROME

AMEMBASSY OTTAWA

AMEMBASSY CANBERRA

AMEMBASSY LUSAKA

AMEMBASSY KINSHASA

AMEMBASSY SUVA

AMEMBASSY GABORONE

LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 09354

LY TEND TO CONCEAL PARTICULARLY GOOD DEALS MADE.

DEPARTMENT OF INDUSTRY (DOI) SOURCE BELIEVES BULK OF UK
TRANSACTIONS ARE MADE AT THE PRODUCER PRICE RATHER THAN
IN FREE MARKET AND THAT FREE MARKET MIGHT BE DISTORTED
BY RAPID TURNOVER OF THE SAME LOT OF COBALT).

(5)GOVERNMENT POLICIES.

THE UK GOVERNMENT WILL CONTINUE TO WATCH THE SITUATION CLOSELY BUT IS NATURALLY ANXIOUS TO AVOID TAKING PRECIPITATE STEPS WHICH MIGHT DISTURB THE NATURAL OPERATION OF THE MARKET. AT PRESENT IT IS INTENDED THAT EXPORTS OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 09354 02 OF 02 131850Z

COBALT SCRAP AND WASTE TO THIRD COUNTRIES WILL STILL BE ALLOWED SUBJECT TO SATISFACTION THAT THERE ARE NO IMMEDIATE CONSUMERS IN THE UK. HIGHER GRADE COBALT ALLOY SCRAP MAY ALSO CONTINUE TO BE EXPORTED UNDER THE PRESENT MONITORING SYSTEM. RESTRICTIVE ACTION ON EXPORTS OF OTHER FORMS OF COBALT CANNOT BE TAKEN UNILATERALLY BUT IS A MATTER FOR THE EEC COLLECTIVELY. STOCKPILE POLICY IS REFERRED TO AT 2 ABOVE.

(6) COMPANY ALLOCATION POLICIES.

A LEADING DISTRIBUTOR OF COBALT IS THOUGHT TO BE SUPPLYING AT PRESENT ONLY ON THE BASIS OF PAST USAGE AND FOR MONTHLY REQUIREMENTS ONLY. SALES ARE RESTRICTED TO KNOWN CONSUMERS AS OPPOSED TO MERCHANTS. WHILST THE SUPPLIER MAY NOT HAVE DISTRIBUTED COBALT DIRECTLY TO MERCHANTS AT ANY TIME IT IS THOUGHT THAT THE PRESENT CAUTIOUS POLICY FOR SUPPLIERS TO USERS INVOLVES A CONSIDERABLE TIGHTENING INSPIRED BY THE DISRUPTION TO ZAIREAN SUPPLY.

BREWSTER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COBALT, EXPORTS, INDUSTRIAL PRODUCTION
Control Number: n/a
Copy: SINGLE
Draft Date: 13 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LONDON09354
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780247-0335
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780666/aaaacemg.tel
Line Count: 200
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 435c498a-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 145925, 78 LONDON 8642, 78 LONDON 8507
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2375584
Secure: OPEN
Status: NATIVE
Subject: COBALT
TAGS: EMIN, ETRD
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/435c498a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014